

California Lodging Investment Conference

The State of the California Hotel Industry

March 8th, 2018

Presented by

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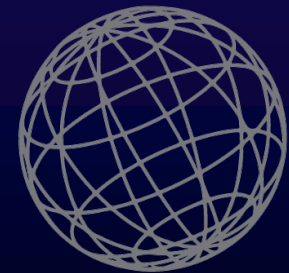
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Atlas
HOSPITALITY GROUP



2017 Review

Hotel Stock Performance

T12 03/18



+62%



+54%



+44%



+42%

Hotel REIT Stock Performance



T12 03/18

-17.6%



-16.4%



-15.1%

HERSHA

-13.0%

RLJ

-8.9%

pebblebrook
HOTEL TRUST

+22.0%

The background features a complex geometric design. A large, dark blue triangle points downwards from the top center. To its left, a smaller, lighter blue triangle points upwards. The remaining space is filled with various shades of blue and a solid yellow vertical bar on the far left. The text is centered in the white space between the two triangles.

California Hotel Sales Highlights

Highest number of individual sales of any state

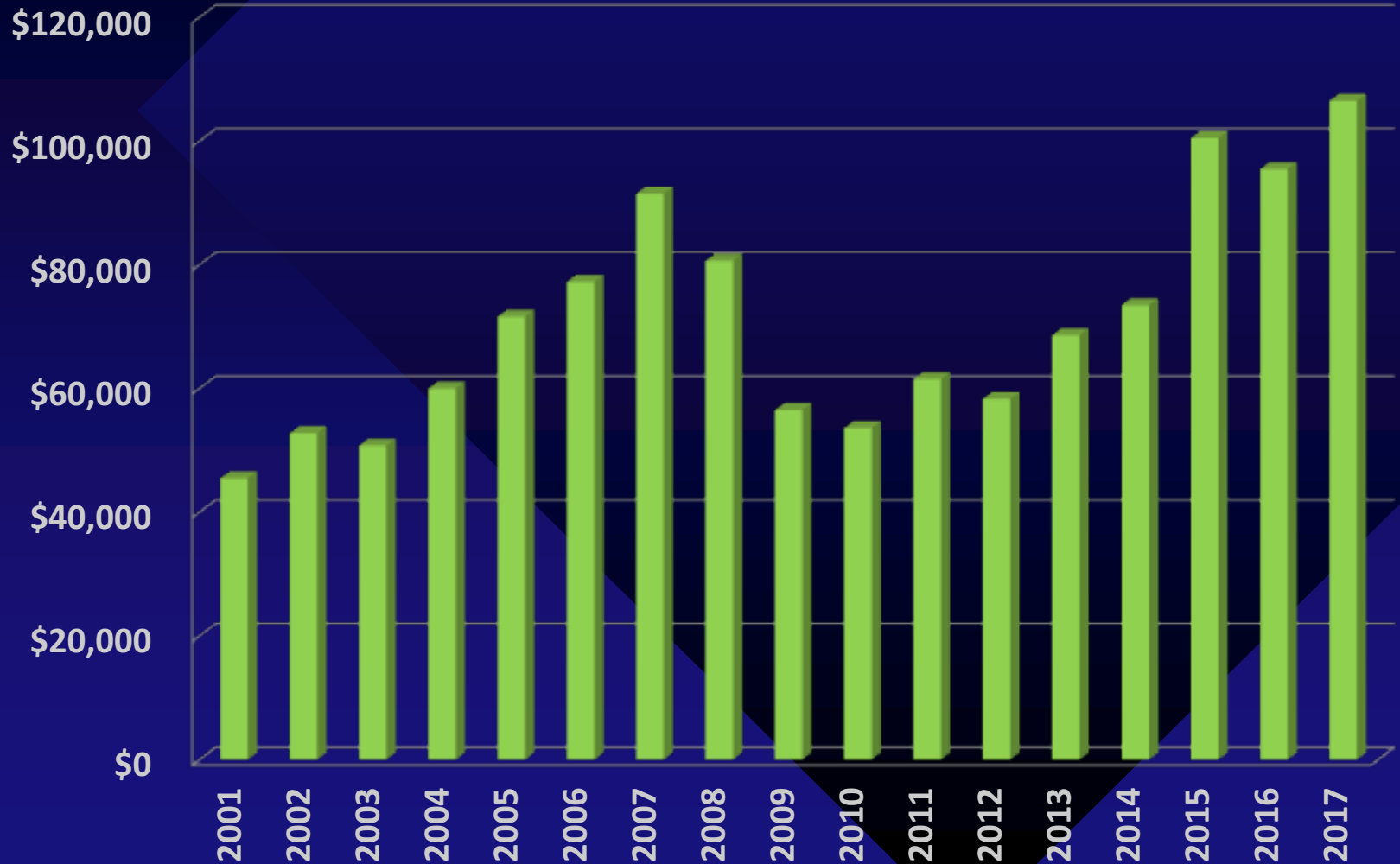
Highest dollar volume in the United States

Highest number of trophy (\$50 million+) sales

Highest number of \$1 million+ per room sales

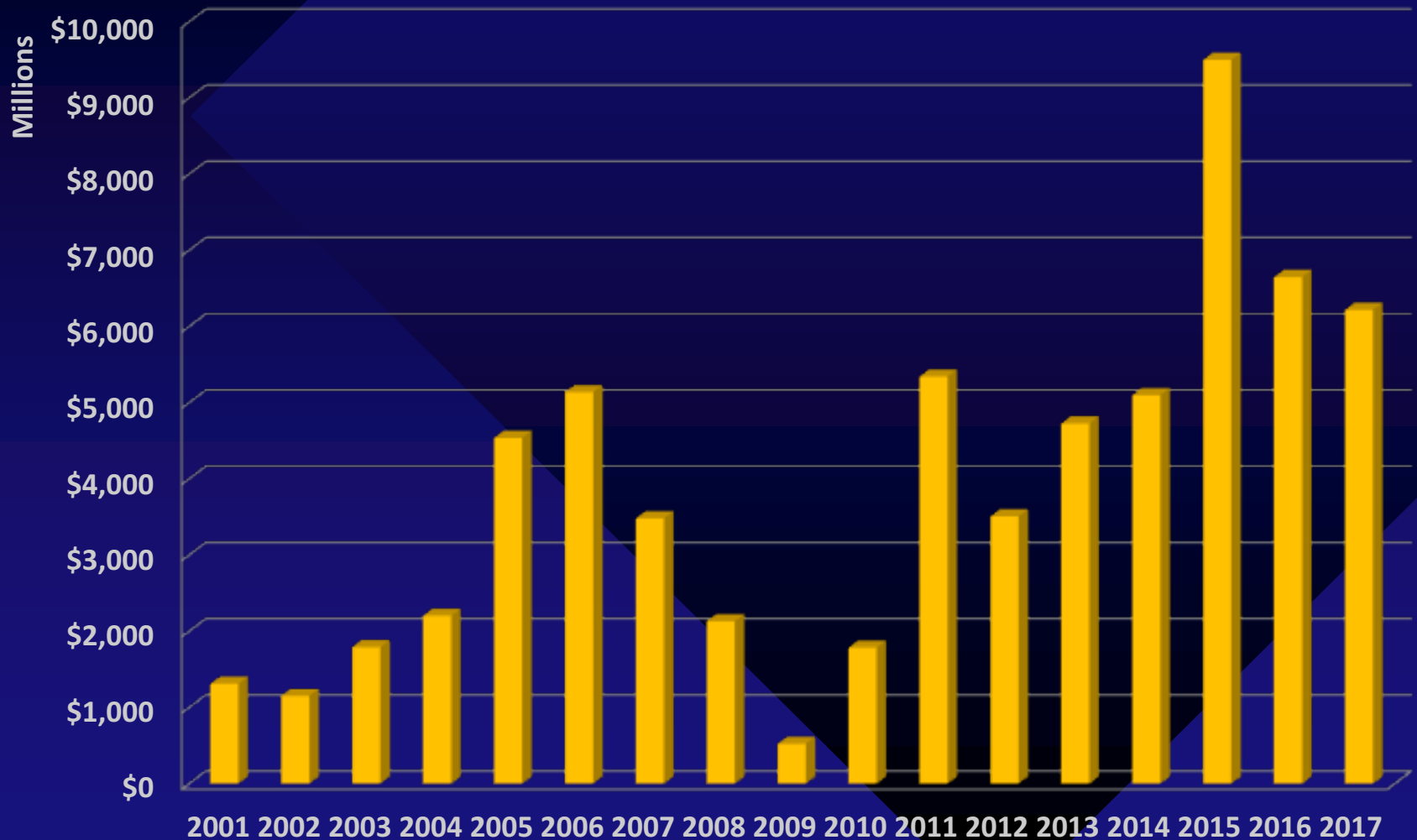
Historical Sales Chart

Median Price per Room



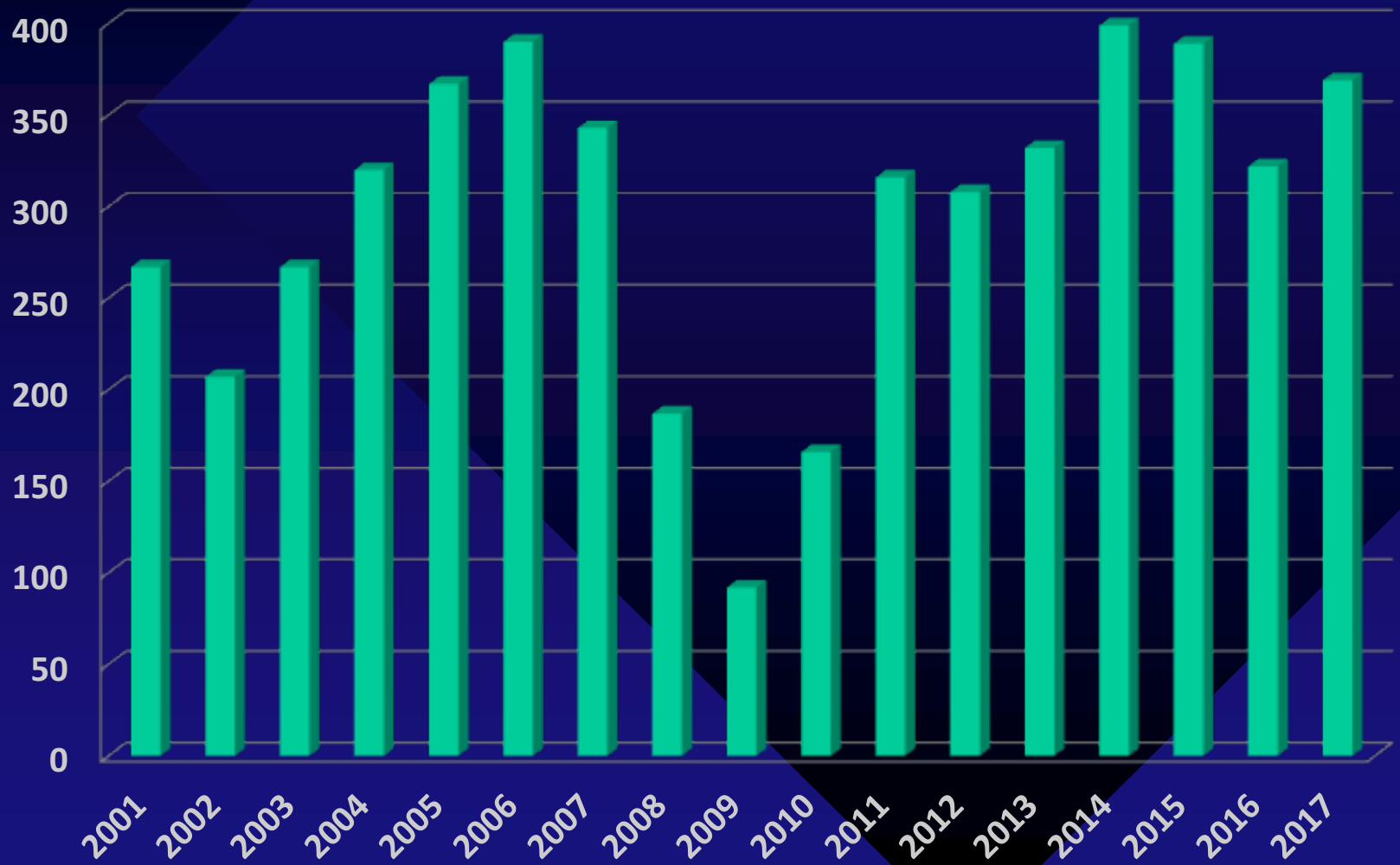
Historical Sales Chart


\$ Volume



Historical Sales Chart

Sales





Notable 2017 California hotel sales included

The Ritz-Carlton, Bacara

Santa Barbara



358 Rooms / \$1,048,000 per room

Hotel Yountville

Yountville



80 Rooms / \$1,206,000 per room

The Jeremy

West Hollywood



286 rooms / \$979,000 per room

W Hollywood

Los Angeles



305 rooms / \$718,000 per room

DoubleTree Los Angeles Downtown

Los Angeles



434 rooms / \$265,000 per room

The Duke Hotel

Newport Beach



440 rooms / \$284,000 per room

Wyndham San Diego Bayside

San Diego



600 rooms / \$256,000 per room

Marriott City Center

Oakland



494 rooms / \$290,000 per room

Hilton

San Jose



355 rooms / \$246,000 per room

2017 Median Sales Price per Room

California

\$106,496

San Francisco County

\$214,547

Santa Clara County

\$210,182

Alameda County

\$199,118

San Mateo County

\$189,344

Orange County

\$132,167

Los Angeles County

\$127,211

San Diego County

\$126,510

Riverside County

\$118,750

San Bernardino County

\$83,646

Riverside County

\$60,625

STR Rev PAR Increases (2017)

United States	+3.0%
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California	+2.1%
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Top 10 California Markets

California Rural North	+10.7%
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Sacramento	+9.8%
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Fresno	+8.3%
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Stockton/Modesto	+8.0%
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Redding/Chico	+6.7%
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South Lake Tahoe	+6.4%
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Vallejo/Fairfield/Vacaville	+6.1%
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Eureka/Crescent City	+5.0%
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Santa Rosa	+4.6%
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Disneyland	+4.5%
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STR Top California Markets Rev PAR (2017)

Santa Monica/Marina del Rey	\$261.89	+1.1%
Napa Valley	\$221.87	-2.2%
San Francisco/San Mateo	\$189.73	-2.4%
Newport Beach/Dana Point	\$161.72	+2.7%
San Jose/Campbell	\$148.65	+3.3%

STR Bottom California Markets Rev PAR (2017)

Vallejo/Fairfield	\$67.20	+6.1%
Stockton/Modesto	\$66.40	+8.0%
Fresno	\$62.90	+8.3%
Redding/Chico	\$59.79	+6.7%
Bakersfield	\$47.74	+2.3%

The background features a large, dark blue diamond shape pointing to the right, set against a black background. A vertical yellow bar is on the far left. The text '2018 Forecast' is centered within the diamond.

2018 Forecast

Potential clouds on the horizon

- Rising interest rates
- Increased cost of labor
- New hotel supply
- PIP costs

California is the 6th largest economy in the world

- It will continue to outshine the rest of the United States – 2.7% growth predicted for 2018
- Tax reform will have a positive impact on the economy
- Consumer spending expected to increase

Positive Press

- **Anaheim Breaks Tourism Record for Fifth Straight Year with 24.2 Million Visitors – Los Angeles Times**
- **Bull Market Remains in Los Angeles and Orange County Commercial Real Estate – Bisnow**
- **L.A. Tops Global Cities Index – GlobeSt.com**
- **Hotel Industry to Break Records Through 2019 – NASDAQ.com**
 - Revenue per room increased 94 consecutive months
 - Stronger GDP / Tax overhaul

Positive Press

- **US Hotels Inspiring Even More Confidence – GlobeSt.com**
- **Debt Funds Increase Liquidity for Hotel Product – GlobeSt.com**
- **PwC: Global Economic Growth in 2018 on Track to Be Fastest Since 2011 – HotelOnline.com**
- **2017 International Tourism Results: The Highest in Seven Years – HotelOnline.com**
- **Unemployment Plummets, State at Record Low - Orange County Business Journal**

Impact on California Hotel Values?

Supply/Demand Constraints

Southern California Hotels on Market

County	03/17	03/18
Los Angeles	46	18
Orange	32	17
Riverside	51	33
San Bernardino	47	20
San Diego	39	19
Santa Barbara	21	8
Ventura	14	5

Luxe Rodeo Drive Hotel

Beverly Hills



87 rooms

Any Questions....

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